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19 September 1953

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : Authorization of Foreign Intelligence Projects.

1. Insofar as we are aware, Foreign Intelligence projects are conservatively planned and managed with due respect to responsibilities for the proper handling of funds and other Agency requirements. The great majority are individual agent projects costing under \$25,000, and most of them are handled securely and in a manner meeting administrative control requirements through the mechanics established by the Special Contracting Officer and in the field. We believe that the Agency's needs would be served best by delegating the initial approval of projects involving less than \$25,000 to the Chief, Foreign Intelligence Staff, and that renewal authority for these projects could properly be delegated to the Chief of Plans, Foreign Intelligence Staff.

2. Projects in excess of \$25,000 necessarily involve something more than simple individual agent projects either because they contemplate more than one individual or operational expenditures by one individual of substantial amounts. We feel, therefore, that these should receive consideration at a higher level. There are not a great many of them to our knowledge and we believe it reasonable to suggest that all projects in excess of \$25,000 and not more than \$100,000 should be approved by the Deputy Director (Plans). We also believe there should be no delegation below the Deputy Director (Plans) for renewals inasmuch as these projects are sufficiently important to receive continuing review at this level.

3. We believe that standard regulations, including those relating to the Project Review Committee, should apply to projects totaling more than \$100,000 per year in any one fiscal year and that all subsidy and proprietary projects (at whatever levels of expenditure) should be processed in accordance with Section of the Confidential Funds Regulations. It is recognized, of course, that the Deputy Director (Plans) can, at any time, request an exception by the Director from application of any regulation, including Project Review Committee procedures, for any projects which require special handling for unusual security implications.

4. Aside from delegations of authority, it is felt that there is a need for additional fiscal recording of all FI projects and it is believed that this can be accomplished without impairing FI security. Therefore, it is

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recommended that the Foreign Intelligence Staff inform the Comptroller of the purely fiscal aspects of each project, such as the amount of money allocated, what fiscal years are involved in the allocations, what obligations and for what fiscal years, and what amounts the field officers are authorized to obligate and expend in each case. The last provision, we are convinced, is badly needed inasmuch as finance officers in the field and case officers in immediate charge of overseas operations are repeatedly at a loss to know the extent of their authority to obligate and expend. If the case officer furnished to the Comptroller the necessary information in this regard he could then see to it that the field was properly informed, either through his channels or those of the Comptroller as the operating component desired.

5. The foregoing proposals are considered to be the minimum in trying to balance the need for adequate security of operations and the responsibility for proper administration of covert operations. They are a compromise between granting operating offices complete freedom in the use of funds and the conduct of operations, on the one hand, and precise administration in the departmental staff sense on the other. They give the Foreign Intelligence Staff considerable freedom in the planning and conduct of its clandestine intelligence operations, and this freedom carries with it a responsibility to conduct those operations and expend funds in accordance with the established principles of the Director of Central Intelligence. We believe that on the whole the officials involved have recognized this responsibility and have honored it by consulting with appropriate outside Staffs and Offices when special circumstances of interest to those Staffs and Offices have arisen in FI projects. We recommend including a statement of this responsibility in any paper specifying the delegations of authority and special procedures.

A-DD/A:LKW:laq

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151
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151
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